

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10 ISO-00

FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00

EPG-02 DODE-00 FPC-01 H-01 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 XMB-02

IGA-02 /145 W

-----065115 240416Z /21

R 232155Z JUN 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3070

INFO AMCONSUL MONTERREY

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DEPT PASS EXIM FOR CRAFTON

EO 11652: N/A

TAGS: ENRG, BENC, EALR, EFIN, MX

SUBJECT: PEMEX FINANCING OF GAS PIPELINE TO THE U.S.

REF: MEXICO 8837

1. PETOFF DELIVERED ON JUNE 22 EXIM LETTER CONCERNING ITS INTEREST IN SUPPORTING U.S. STEEL TENDER FOR SALE OF PIPE, TO KEY ADVISERS TO PEMEX FINANCE DIRECTOR. CONVERSATION THEN TURNED TO SUBJECT OF FINANCING THE LINE.

2. THE IDEA OF A SEPARATE FINANCIAL ENTITY TO BUILD THE LINE PERSISTS. PEMEX IS NOW THINKING OF FORMING A HOLDING COMPANY WITH UP TO 49 PERCENT OF THE STOCK TO BE HELD BY PEMEX AND UP TO 49 PERCENT BY THE U.S. BANKS AND GAS COMPANIES WHO WOULD PROVIDE THE FINANCING. THE BALANCE WOULD BE OWNED BY THE CONSTRUCTION COMPANIES BUILDING THE LINE. AS PREVIOUSLY REPORTED, THE PRIMARY ADVANTAGE TO LIMITED OFFICIAL USE

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PEMEX IN SUCH AN ARRANGEMENT IS THAT THIS WOULD PLACE THE COSTS OF THIS PROJECT OUTSIDE PEMEX'S BUDGET AND, THEY PRESUME, OUT FROM UNDER THE IMF CEILING ON PUBLIC SECTOR EXTERNAL BORROWING. THE HOLDING COMPANY MAY BE SET UP IN THE U.S. SO THAT THE BANKS WOULD AVOID THE PROBLEM OF RUNNING UP AGAINST THEIR COUNTRY LENDING LIMITS.

3. THE FINANCIAL ADVISERS SAID THAT PEMEX'S DIRECTOR GENERAL HAS DISCUSSED THIS IDEA WITH THE IMF WHICH SEEMED RECEPTIVE, AND THAT FUND RECOGNIZES THAT THE PROJECT WOULD GENERATE LARGE QUANTITIES OF FOREIGN EXCHANGE IN A RELATIVELY SHORT TIME.

4. PEMEX HAS BEEN OFFERED A VARIETY OF FINANCING PACKAGES BY U.S. AND OTHER FOREIGN LENDERS AND IS CURRENTLY EVALUATING THEM TO DETERMINE WHICH IS MOST ADVANTAGEOUS. THEY WOULD LIKE TO GET A 5 TO 7 YEAR LOAN. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, GAS PIPELINES
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO10462
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770225-1042
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770627/aaaaaxhj.tel
Line Count: 72
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ee0acf77-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: 77 MEXICO 8837
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Mar-2005 12:00:00 am
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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To: STATE
Type: TE
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